

1968 ANNUAL REPORT


*See*

YARANDRY



SILVER  
MINES  
LIMITED

(AN ONTARIO CORPORATION)



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# YARANDRY SILVER MINES LIMITED

## *Officers and Directors*

Tadeusz Budzich, President and Director

Consulting engineer and former director  
of New Imperial Mines Limited

Sam Taylor, F.C.I.S., Secretary-Treasurer and Director  
Chartered Secretary

Arnold Pitt, Director

President of New Imperial Mines Limited

Russel H. Bullied, Director

President of Cascade Drilling Company Limited  
and of Pacific Asbestos Limited, active in  
New South Wales, Australia

Raymond Errol G. Duval, Director

Professor, Bishop's University, Lennoxville, Quebec,  
and management consultant

## *Transfer Agents and Registrars*

The Canada Trust Company, Toronto, Ontario  
Calgary, Alberta

## *Bankers*

Toronto-Dominion Bank, Toronto, Ontario

## *Solicitors*

Thomson, Rogers, Toronto, Ontario

## *Auditors*

Riddell, Stead & Co., Toronto, Ontario

## *Head Office*

Suite 1024, 85 Richmond Street West,  
Toronto 1, Ontario

# THE REPORT OF THE DIRECTORS

To the Shareholders:

We submit herewith the 1968 Annual Report of your Company incorporating an up-to-date progress report by your operations manager and audited financial statements for the last fiscal year ended October 31st, 1968, together with the auditors' report thereon. The Annual and General Meeting of Shareholders will be held in Toronto, Ontario, on April 29th, 1969, at the time and place noted in the accompanying Notice of Meeting, and we hope you will be able to attend.

The Yerranderie Silver-Lead Field which we are presently exploring and developing, as described in the Report of the Operator attached, was first discovered in 1872 and mining operations began in 1898. Production was less than 1,000 tons per annum until 1902. The period of maximum production was 1908 to 1912 when 35,051 tons of ore were mined which yielded 3,735,123 ozs. of silver, 8,999 tons of lead and 6,386 ozs. of gold. Several of the mines closed in the 1920's, but mining operations continued at the largest producer, the Silver Peak Mine, until February 11, 1929 when industrial difficulties closed the mine (Annual Report — Department of Mines, New South Wales, for the year 1929, page 23). The Colon Peaks Mine, the second largest producer, closed the following year. These mines never re-opened, except to gouge some high-grade silver ore from the upper levels of the Colon Peaks Mine. A total of less than 5,000 tons of ore has been mined from the field since 1930.

Production figures of the Yerranderie Silver-Lead Field compiled from the Annual Reports of the Department of Mines, New South Wales, show that 122,496 tons of ore were raised and sold having a metallic content of 10,940,137 ozs. Silver, 28,444 tons Lead and 19,995 ozs. Gold.

It is pertinent to note that all of the small producing mines referred to in the foregoing short history of the area were operated under different ownerships in the past, but have now been consolidated into one holding operated jointly by your Company and Catawba.

The Yerranderie break is a long curving fault generally trending east-west with a very uniform dip of 30° to the south. In the past the break has been explored on one or more levels for a total length of 7,000 ft. Vein material consisting of quartz and varying amounts of sulphide has been deposited along the fault in widths up to 2 ft. In a few places brecciation near the fault has resulted in greater width of ore.

Earlier mining operations resulted in stoping out of ore for about one third of its known length, the average grade of ore mined and shipped being 93 ozs. of silver per long ton. At today's prices for silver and lead we expect that a higher proportion of the vein would be mineable.

Expenditure to date on the property is approximately \$225,000 shared equally between your Company and Catawba International. The operator Catawba International has, under a management agreement, engaged the firm of Watts, Griffis and McQuat Limited to carry out and supervise the exploration program in the field.

In the light of developments on the Company's properties, A. T. Griffis, Ph.D., P.Eng., in a report dated November 17, 1968 has recommended continuation of the program of mine dewatering and mine sampling together with detailed mine survey. He also recommended diamond drilling to test the possible continuity of the ore east and west of the Colon Peaks - Silver Peak Mine laterally from and below existing mine workings.

In addition, continuing the program of sampling of dumps and tailings existing on the property, geochemical soil sampling and stream sediment sampling in the Mineral Exploration Licence area was recommended.

In order to implement these recommendations new financing was arranged through the sale of 700,000 treasury shares which has provided the Company with \$330,000.

It should be noted that this additional financing has been completed since the date of the audited financial statements made a part of this report.



Shareholders will be asked to approve an increase in authorized capital to provide for any future equity financing that may be required, and also to approve an increase in the Board of Directors from five members to six. Details of these proposals will be found in the accompanying Notice of Meeting and Information Circular and will be voted on at a General Meeting of Shareholders to be held coincident with the forthcoming Annual Meeting.

By May 1st of this year we expect to receive a report from Dr. A. T. Griffis, P.Eng. of Watts, Griffis & McOuat Limited, confirming the completion of the current preliminary program of dewatering and sampling of underground workings and submitting recommendations for a follow-up diamond drilling program to commence during May.

The Annual Report of the Department of Mines, New South Wales, for the year 1921 (page 71) states that the estimated probable ore reserve of the Colon Peaks Mine is 40,000 tons and that the reserve for the Silver Peak Mine is 15,000 tons. It also states that the reserves of the Silver Peak Mine would be greatly increased when the Eastern and Western ore shoots of the Colon Peaks Mine were encountered. The Western ore shoot was encountered the following year, 1922, and the probable ore reserves at Silver Peak were increased an additional 15,000 tons (Annual Report, Department of Mines, New South Wales, 1922, page 26), bringing the probable ore reserves in the Silver Peak to 30,000 tons and the probable ore reserves for both mines to 70,000 tons.

Production figures published in the Annual Report of the Department of Mines, New South Wales, show that only 22,960 tons of ore have been produced from both mines since that time. This suggests a total of 47,000 tons of unmined ore in the Colon Peaks - Silver Peak Mine.

With respect to grade, Mr. E. J. Kenney in the New South Wales Mines Department, Geological Survey Bulletin No. 2 (1923, page 29) states that the siliceous ore, the "Seconds", contains about 70 ozs. of silver and 15% lead per ton. Since all of the records referring to ore reserves are old and based on practices prevalent in the 1920's, it can only be assumed that the above tonnages having a similar grade remain in the mines.

One of the purposes of our present program is to dewater the underground workings of Colon Peaks Mine and complete a program of sampling in order to check the above described facts extracted from government records.

Australia has, in recent years, become the focal point for a mining exploration boom of sizeable proportions, not unlike Canada. An increasing number of both senior and junior Canadian mining companies are now active in various parts of Australia in the search for nickel, asbestos, silver, copper, titanium, tantalum and other minerals, and several successes and promising discoveries have been made. There is a favourable economic and political climate to add further attraction to the "down under" region for mining.

The price of silver has advanced in recent times and certainly industrial demand for the metal continues to grow with no sign of any lessening of consumption in the foreseeable future.

We believe there is good reason to look forward to an active year of exploration at Yerranderie by your Company in association with Catawba International. As further significant progress is made Shareholders will be informed.

On behalf of the Board of Directors,

TADEUSZ BUDZICH,  
President.

March 31st, 1969.



# REPORT OF THE OPERATOR

## Property and Program

Yarandry Silver Mines Limited, through its wholly owned Australian subsidiary, Camden Mining Company Pty. Limited, and Catawba International Inc. jointly hold mineral leases, mining leases, authorities to prospect, authorities to enter and applications for mineral leases in the Yerranderie Silver-Lead Field covering a total area of approximately 2,500 acres, as shown on the accompanying map. The lands are located 60 air-line miles southwest of Sydney. Distance by road is 164 miles.

The partners also hold a Mineral Exploration Licence granting exclusive prospecting rights to an area of 225 square miles centering on the mining lands.

An extensive program of evaluation is in progress involving geological mapping and geochemical survey; dewatering and rehabilitation of the Colon Peaks - Silver Peak mines; underground mapping, sampling and survey; sampling of waste rock and tailings dumps; and metallurgical tests of both surface and underground material.

Direction of the field program in Australia is provided by the firm of Watts, Griffis and McQuat.

The status of each category is as follows:

## Geological Mapping and Geochemical Survey

Geological mapping on a scale of 1" = 400 feet has been completed on the company's properties held under various titles other than the Mineral Exploration Licence. In addition, in the immediate area of the Colon Peaks - Silver Peak mines mapping on scale of 1" = 200 feet has been completed.

Geochemical surveys following an established surveyed grid on the above described portion of the properties has also been completed. Samples were taken at one-hundred-foot intervals on line spacing of two hundred feet. Analyses of the samples were by dithizone cold extraction. Samples from every third line (600-foot spacing) were analysed by dithizone cold extraction and atomic absorption techniques for check purposes. Analyses were conducted for copper, lead and zinc.

In general, well-defined anomalies were found in the areas of the Colon Peaks - Silver Peak, Wollondilly, Burragorong and Kerry mines showing possible extension of known areas of favourable mineralization as shown by present known mine workings.

Southeast from the Kerry Mine an anomalous zone extends for a distance of approximately two thousand feet following a "line of lode" described by L. F. Harper, Report on the Yerranderie Silver Field, N.S.W., Department of Mines, 1930. No extensive workings exist on this "line of lode".

Several other anomalies of apparent minor significance were also found during the course of investigations.

In the Mineral Exploration Licence area reconnaissance geological mapping is complete. Stream sediment geochemical sampling has also been completed on all ground underlain by favourable geology.

Control grids for detailed geochemical survey have been extended from the central property into the Mineral Exploration Licence area on the north and on the east. Soil sampling is almost complete. Interpretation awaits results of laboratory analyses.

Two prospects worked by shallow shafts were also found in the Mineral Exploration Licence area. Dumps at each site suggested vein material similar to the central property. Though samples taken from the dumps returned encouraging values in silver the significance of the prospects is at present unknown. They are targets for future evaluation.

## Underground Program

The present dewatering program via the main incline shaft has succeeded in exposing the mine workings in the Colon Peaks mine to the eighth level. Dewatering continues and it now appears hopeful,



after much discouragement because of conditions on the seventh level, that the Colon Peaks mine may be dewatered to the ninth and tenth levels. Since the old reports indicate a significant block of ore in this sector the success of the dewatering is an encouraging development.

Sampling of accessible vein on the east side of the incline shaft has been completed on the third, fifth and sixth levels and partially completed on the seventh level. The results are shown in the table below. The vein east of the incline shaft is only a small portion of the total vein to be sampled.

West of the shaft where the greatest length of vein occurs, sampling is partial on the fourth, fifth and sixth levels and is continuing. Results to date in this sector are incomplete.

Though results are incomplete certain averages as reported by Dr. A. T. Griffis are as follows:

## RESULTS OF SAMPLING

### Sampling Complete

Level	Location	Length Feet	Average Width Feet	Grade	
				Oz. Ag/ 1 Ton	% Pb
3	1730 stope-E Wall .....	21	0.8	61.5	8.1
5	1535-1575 stope .....	44	1.69	14.6	3.4
5	1640-1695 stope .....	148	0.58	100.3	6.0
6	1610-1728 wall .....	142	0.93	111.4	10.8
6	1758-1781 stope .....	35	1.06	37.4	14.3

Dr. Griffis also reports "that the sampling east of the main incline shaft on the third, fifth and sixth levels has confirmed the presence of possible ore-grade material referred to in earlier reports on the property as siliceous "seconds" low-grade ore left in the original mine operations. It should also be pointed out that even with incomplete results available, the Yerranderie break, although by no means "ore" for its full length, does contain an impressive amount of silver and lead throughout the whole of the length so far re-opened."

The present dewatering program will permit mapping and sampling of the Yerranderie break over a length of about 4,000 feet of the present known length of approximately 7,000 feet.

### Dump Sampling

Concurrent with the geological and geochemical surveys described above extensive survey and sampling of tailings dumps and waste rock dumps from previous operations were undertaken. This established the presence of approximately 23,500 short tons of tailings in three locations namely the Colon Peaks, Silver Peak and Kerry mine area. Of these the Silver Peak tailings dumps are the largest comprising about 21,500 tons of the above total tonnage. The results of sampling of the tailings dumps show an average silver content of 11.1 ounces per short ton.

With respect to the waste rock dumps about 203,600 short tons have been found distributed in workable units among previous mine workings described elsewhere. The largest tonnage exists in the Silver Peak-Colon Peaks area. Final estimates of tonnage and average grade have not been completed but based on results available an interim estimate of 177,000 short tons grading 2.7 ounces silver per ton is reported by Dr. Griffis.

Metallurgical tests are underway at Lakefield Research Limited. The tests are in the early stages, therefore results cannot be reported at this time.

All of which is respectfully submitted.

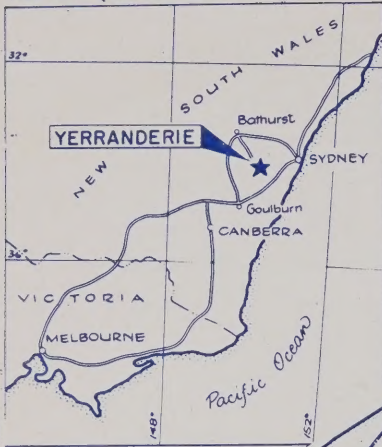
CATAWBA INTERNATIONAL, INC.

Per: NORMAN H. URSEL, P.ENG.

March 24, 1969.

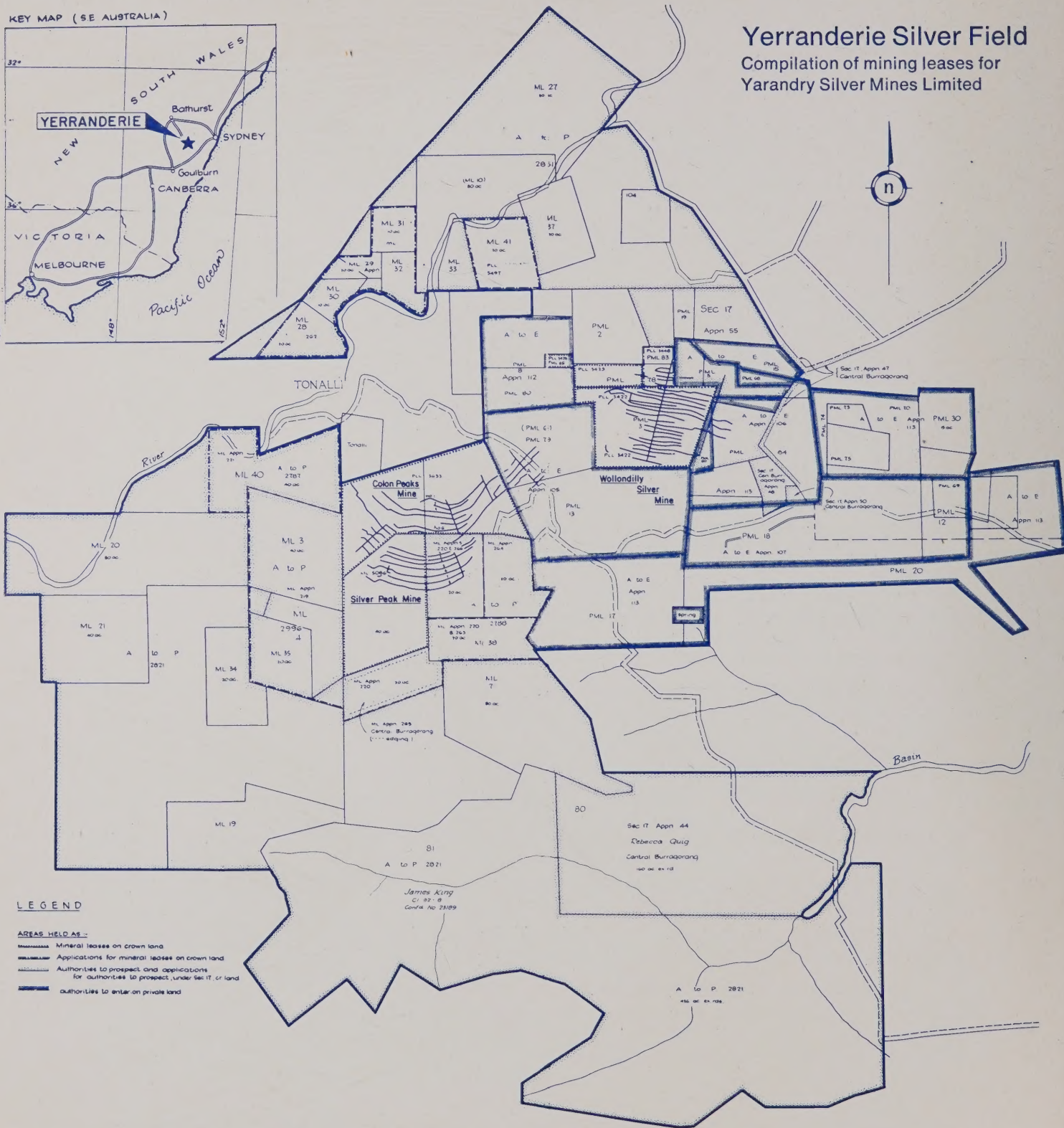


KEY MAP (SE AUSTRALIA)



# Yerranderie Silver Field

Compilation of mining leases for  
Yarandry Silver Mines Limited



## LEGEND

### AREAS HELD AS -

- Mineral leases on crown land
- Applications for mineral leases on crown land
- Authorities to prospect and operations for authorities to prospect, under sec 17, of land
- Authorities to enter on private land



# YARANDRY SILVER MINES LIMITED

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended October 31, 1968

Source of Funds	1968	1967
From sale of capital stock		
For cash	\$ 165,000	—
For shares in subsidiary	—	7,500
From Catawba re interest in mining properties (Note 1)	13,859	27,141
	<u>178,859</u>	<u>34,641</u>
<b>Application of Funds</b>		
Acquisition of mining properties	—	5,724
Excess of purchase price of subsidiary attributed to mining properties	—	2,086
Exploration and development expenditures less depreciation of \$412	60,903	25,303
Administrative expenses	37,009	2,943
Automobile and equipment	2,936	—
Reduction of long-term debt	48,000	—
Incorporation expenses	—	719
	<u>148,848</u>	<u>36,775</u>
<b>Increase (decrease) in working capital</b>	<u>30,011</u>	<u>( 2,134)</u>
Working capital (deficiency) at beginning of period	(11,603)	( 9,469)
<b>Working capital (deficiency) at end of period</b>	<u>\$ 18,408</u>	<u>(11,603)</u>

### Note:

For the purposes of this statement, the application of funds advanced by Yarandry to Camden (subsidiary company) prior to acquisition reflects the ultimate disbursement by Camden rather than the advances to Camden and the funds received from Catawba have been reflected in accordance with the agreement dated November 1, 1967 whereby they acquired a 50% interest in the property.

# YARANDRY SILVER

## Consolidated Balance Sheet

### ASSETS

	1968	1967
<b>Current Assets</b>		
Cash .....	\$ 57,746	46,227
Prepayments and deposits .....	—	500
	<u>57,746</u>	<u>46,727</u>
<b>Due from Catawba International Inc. (Note 1) .....</b>	<u>13,200</u>	<u>—</u>
<b>Mining Properties and Related Expenditures (Note 1)</b>		
Mining properties (see schedule) .....	45,942	87,079
Deferred exploration and development expenditures .....	73,967	25,303
Automobile and equipment at cost less depreciation of \$824 .....	2,112	—
	<u>122,021</u>	<u>112,382</u>
Contributed by Catawba International Inc. ....	<u>—</u>	<u>27,141</u>
	<u>122,021</u>	<u>85,241</u>
<b>Incorporation Expenses, at cost .....</b>	<u>5,119</u>	<u>5,119</u>
	<u>\$ 198,086</u>	<u>137,087</u>

### AUDITORS

To The Shareholders  
Yarandry Silver Mines Limited

We have examined the consolidated balance sheet of Yarandry Silver Mines Limited as at October 31, 1968 and the consolidated statements of deferred exploration and development expenditures, administrative expenses and deficit and source and application of funds for the year then ended. Our examination of the financial statements of Yarandry Silver Mines Limited included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors

Toronto, Ontario  
December 30, 1968



# MINES LIMITED

as at October 31, 1968

## LIABILITIES

	1968	1967
<b>Current Liabilities</b>		
Accounts, payable and accrued .....	\$ 28,886	4,706
Due to Forward Explorations Limited .....	—	10,008
Due to Yerranderie Syndicate .....	—	16,475
Due to Ursel and Pitt as Trustees .....	3,077	27,141
Due to Catawba International Inc. ....	7,375	—
	<u>39,338</u>	<u>58,330</u>
<b>Long-Term Debt</b>		
Due on purchase of mining properties (Note 1) .....	26,400	74,400

## SHAREHOLDERS' EQUITY

<b>Capital Stock</b> (Note 2)		
Authorized		
3,000,000 shares without par value		
Issued		
750,000 shares in exchange for shares in subsidiary .....	7,500	7,500
1,000,005 shares for cash (1,000,000 issued during the year) .....	165,005	5
	<u>172,505</u>	<u>7,505</u>
<b>Deficit</b> .....	40,157	3,148
	<u>132,348</u>	<u>4,357</u>
Signed on behalf of the Board:		
"T. BUDZICH", Director.		
"S. TAYLOR", Director.		
	<u>\$ 198,086</u>	<u>137,087</u>

## REPORT

who have examined the financial statements of the subsidiary, Camden Mining Company Pty. Limited.

In our opinion these financial statements present fairly the financial position of the companies as at October 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RIDDELL, STEAD, GRAHAM & HUTCHISON,  
Chartered Accountants.

# YARANDRY SILVER MINES LIMITED

## CONSOLIDATED SCHEDULE OF MINING PROPERTIES

As at October 31, 1968

	1968	1967
6 mining and mineral leases in New South Wales		
Authorities to prospect and to enter, applications for authorities to prospect and applications for mineral leases in New South Wales		
Mineral exploration licence in New South Wales covering 225 square miles including area of above-mentioned leases, authorities and applications at cost, including excess of cost of acquiring shares in subsidiary over book value of assets in subsidiary	\$ 87,079	87,079
Less, recovery from sale of 50% interest (Note 1)	41,137	—
	<u>\$ 45,942</u>	<u>87,079</u>

## CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

For the Year Ended October 31, 1968

	Year ended October 31, 1968	As at October 31, 1967
Assays and laboratory	\$ 1,340	—
Automotive expenses	1,187	1,726
Depreciation expense	412	—
Equipment rental and contract services	87	332
General	1,021	813
Geological fees, engineering fees and expenses	42,950	9,878
Legal fees and expenses of subsidiary company	3,043	2,030
Lease expenses	1,434	345
Maps	661	416
Salaries and wages	5,554	6,133
Supplies	2,647	262
Travel	979	3,368
	<u>61,315</u>	<u>25,303</u>
Balance at beginning of period	25,303	—
	<u>86,618</u>	<u>25,303</u>
Received on sale of 50% interest in mining properties (Note 1)	12,651	—
<b>Balance at End of Period</b>	<u><u>\$ 73,967</u></u>	<u><u>25,303</u></u>



# YARANDRY SILVER MINES LIMITED

## CONSOLIDATED STATEMENT OF ADMINISTRATIVE EXPENSES AND DEFICIT

For the Year Ended October 31, 1968

Administrative Expenses	1968	1967
Audit and accounting .....	\$ 7,150	750
Bank charges and interest .....	1,555	( 57)
Consultants' fees and expenses .....	2,893	—
Directors' fees of subsidiary company .....	1,500	—
Filing fees .....	22	—
General .....	1,841	—
Legal .....	18,751	2,250
Printing and stationery .....	71	—
Shareholders' information .....	3,226	—
	<hr/> 37,009	<hr/> 2,943
Deficit at beginning of period .....	3,148	205
<b>Deficit at End of Period</b> .....	<u><u>\$ 40,157</u></u>	<u><u>3,148</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended October 31, 1968

1. The mining properties were acquired pursuant to an option dated October 5, 1965 which was exercised November 7, 1967 by the payment of \$43,200 and the companies agreeing to secure the balance of the purchase price of \$31,200 by a 6% mortgage on the mining properties. The debt has been reduced by \$4,800 during 1968 and the balance of \$26,400 is payable \$4,800 per year for the years 1970 to 1972 with the remainder due in 1973. Catawba is responsible for 50% of these payments in accordance with the agreements referred to below.

By agreements dated September 21, 1967 and November 1, 1967 Catawba International Inc. acquired a 50% interest in the mining properties by reimbursing the company for 50% of all costs, including exploration and development expenditures and administrative expenses, in connection with the properties to November 1, 1967 (excluding the original option payment). As operator Catawba incurs all costs on the properties from that date and recovers 50% of those costs from the company.

2. By agreement dated December 30, 1968 the underwriters have agreed to purchase 350,000 shares of the company at 40 cents per share payable on the effective date of the agreement. In consideration of this firm underwriting, the company has granted the underwriters an option on an additional 350,000 shares as follows:
  - 200,000 shares at 50 cents per share within 90 days from the effective date
  - 150,000 shares at 60 cents per share within 180 days from the effective date

The effective date of the agreement shall be the third business day following the date the prospectus of the company is accepted for filing by the Securities Commissions of Ontario and Alberta whichever occurs last.











## PROSPECTUS DATED DECEMBER 30, 1968

No Securities Commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

fill

OFFERING OF  
**700,000 SHARES**  
OF  
**YARANDRY SILVER MINES LIMITED**  
(Incorporated under the laws of the Province of Ontario)

**TRANSFER AGENT AND REGISTRAR**

The Canada Trust Company  
Toronto, Ontario and Calgary, Alberta

The proceeds received by the Company from the sale of its shares to the Underwriters named in the section headed PLAN OF DISTRIBUTION will be used to provide funds to Camden Mining Company Pty. Limited, its wholly-owned subsidiary, in order to enable it to pay for its share of the recommended exploratory program on the property held by it and Catawba International, Inc. Reference is made to the sections headed PROPERTY and USE OF PROCEEDS.

**THESE ARE SPECULATIVE SECURITIES**

(See sections headed INTRODUCTORY STATEMENT and DILUTION for particulars).

**TABLE I**

Shares Offered		Price to Underwriters (1)	Maximum Offering Price to Public (2)	Proceeds to Company (3)
Firmly Underwritten	Under Option			
350,000		40¢	50¢	\$140,000
	200,000	50¢	62.5¢	100,000
	150,000	60¢	75¢	90,000
350,000	350,000			\$330,000 (4)

- (1) The price to be paid by the Underwriters for shares offered by this Prospectus is as indicated. The Underwriters will offer shares purchased by them for sale through such registered security dealers who may be appointed as agents for the Underwriters from time to time and who will be paid normal commissions as brokers in respect of such transactions, such commissions to be paid by the Underwriters and not by the Company.
- (2) The shares are to be offered at market subject to the maximum offering prices as shown. On December 27, 1968, the Company's shares were quoted at 55¢ bid and 58¢ ask. During the period November 27, 1968 to December 27, 1968 the shares of the Company on the Toronto over-the-counter market have been quoted by Tom & Barnt at prices between 52¢ bid and 58¢ ask. There is no assurance that any purchaser of the shares being offered hereunder will be able to resell same.
- (3) There is no assurance that any of the shares under option will be taken up.
- (4) Based on the sale of the entire offering and before deducting legal and audit fees and other costs of filing this Prospectus estimated at \$9500.

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## **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

The Securities Act, 1966, (Ontario) and The Securities Act, 1967 (Alberta) provide, in effect, that where a security is offered to the public in the course of primary distribution, in certain events and subject to certain conditions, the purchaser has:

- (a) the right to withdraw from the contract to purchase such security if written or telegraphic notice evidencing the intention of the purchaser not to be bound by such contract is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus is received or deemed to have been received by the purchaser or his agent;
- (b) the right to rescind the contract to purchase such security by commencing an action within ninety days from the date of such contract or the date on which the prospectus or amended prospectus is received or deemed to be received by the purchaser or his agent, whichever is later, if such prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made.

Reference is made to Sections 63 and 64 of each of The Securities Act, 1966 (Ontario) and The Securities Act, 1967 (Alberta) for the complete text of the provisions under which the foregoing rights are conferred.

## **INTRODUCTORY STATEMENT**

Yarandry Silver Mines Limited (hereinafter called the "Company") was incorporated under the laws of the Province of Ontario for the purpose of acquiring, exploring and developing mining properties, directly or indirectly. The Company subsequently acquired all the issued and outstanding shares of Camden Mining Company Pty. Limited (hereinafter called "Camden") a company incorporated under the laws of New South Wales, Australia.

At the time of the acquisition of the Camden shares by the Company, Camden had an option to acquire an interest in certain mining lands comprising almost the entire Yerranderie Silver-Lead Field of New South Wales. These mining lands were comprised of mining leases, applications for authorities to enter, authorities to prospect, applications for authorities to prospect and applications for mineral leases (hereinafter referred to as the "Mining Lands") on some of which mining operations had been carried on in the past. The Company subsequently caused Camden, in cooperation with Catawba International, Inc. to acquire the Mining Lands by exercising the said option. Since such time the Company has financed Camden's share of the exploration and development program undertaken on the Mining Lands in conjunction with Catawba International, Inc. Generally speaking, the Company has financed such program through the sale of its treasury shares.

The prices of the shares offered hereunder to the Underwriters have been arbitrarily arranged and bear no relationship to the assets or activities of the Company. The shares offered by this Prospectus will have value only if a commercial ore body is found. A return on capital to purchasers of the shares offered by this Prospectus depends on the Company's subsidiary Camden finding a commercial ore body mineable at an operating profit. The likelihood of establishing a commercial ore body is always small and therefore the shares being offered must be considered as a speculative security. The Company proposes to finance its business ventures by the sale of unissued treasury shares. Accordingly, the Company's programme is dependent upon and will be limited by the success of its proposed financing. See the heading **USE OF PROCEEDS**. Although shares of the Company previously issued are traded on the over-the-counter market in Toronto, Ontario, there is no assurance that any purchaser of the shares being offered hereunder will be able to resell the same.

## **THE COMPANY**

Yarandry Silver Mines Limited is a public company incorporated under the laws of Ontario by letters patent dated October 5, 1965 with an authorized capital of 3,000,000 shares without par value. The Company's head office, which is also its principal office, is located at Suite 1024, 85 Richmond Street West, Toronto, Ontario.

## PLAN OF DISTRIBUTION

The Company has entered into an agreement dated as of December 30, 1968, with Stannis Investments Limited, Suite 2200, 120 Adelaide Street West, Toronto, Ontario, as to a sixty-six and two-thirds (66 2/3%) per cent interest and Kinglake Investments Limited, Suite 1015, 159 Bay Street, Toronto, Ontario, as to a thirty-three and one-third (33 1/3%) per cent interest (which are collectively referred to as the "Underwriters"), under which the Underwriters agreed firmly to purchase 350,000 shares of the capital of the Company at 40 cents per share payable on the effective date as hereinafter set forth. In consideration of this firm underwriting the Company has granted the Underwriters the right and option to purchase all or any part of an additional 350,000 shares as follows:

- (a) All or any part of 200,000 shares at 50¢ per share within 90 days from the effective date;
- (b) All or any part of 150,000 shares at 60¢ per share within 180 days from the effective date.

The "effective date" shall be the third business day following the dates on which the Securities Commissions of Ontario and Alberta (whichever occurs last) shall issue their respective filing receipts for this Prospectus.

The underwriting agreement further provides that if default occurs in making any of the option payments within the time specified therein, before the Underwriters' rights to purchase shares terminate, the Company shall give 10 days' notice of default to the Underwriters and if said default is not cured within the said period, all rights of the Underwriters to purchase shares shall be terminated. The parties to the said agreement understand that in the event that the Underwriters do not exercise any option or any extension of any option and notice of default has been served on them, an amendment to this Prospectus must be filed with the Securities Commissions of Ontario and Alberta as soon as practicable and in any event within 10 days of the expiry of the time provided in the notice of default if the shares of the Company are then in primary distribution.

There are no sub-underwritings, sub-options or assignments outstanding or proposed to be given at this time except that Stannis Investments Limited and Kinglake Investments Limited have agreed that if either party does not exercise its proportionate share of any option outstanding under the said agreement, the other party may exercise such option and shall thereafter be exclusively entitled to all options remaining under the said agreement.

Other than the firm purchase of the initial 350,000 shares at 40¢ per share, there is no obligation of the Underwriters to take up any further shares from the Company. All shares purchased by the Underwriters will be offered for sale through such registered security dealers who may be appointed as agents for the Underwriters from time to time.

The only persons having a greater than 5% interest in Stannis Investments Limited are as follows: The Catawba Corporation (see PRINCIPAL HOLDERS OF SECURITIES); Joseph Cassar as trustee for Waldo Investments Inc., Suite 702, 25 Wellington St. N., Sherbrooke, P.Q.; James G. Rae, 32 Melville Street, Dundas, Ontario; T. Pinkowski, 494 Rue de Montenach, Beloeil, Quebec; Olive I. Ursel, 169 Donnelly Drive, Port Credit, Ontario; Estate of George B. Swan, R.R. #1, Millbrook, Ontario; Michael Clay, 217 Moore Avenue, Toronto, Ontario; Stewart Patrick King, 1213 Prospect Avenue, Calgary, Alberta.

The only persons having a greater than 5% interest in Kinglake Investments Limited are Michael Clay, 217 Moore Avenue, Toronto, Ontario, and Stewart Patrick King, 1213 Prospect Avenue, Calgary, Alberta.

## DESCRIPTION OF CAPITAL

The authorized capital of the Company is 3,000,000 shares without par value. There is only one class of share. Each share of capital has equal voting rights and participates equally in such dividends as may be declared by the Board of Directors of the Company out of funds legally available for the payment thereof.

**No dividends have been paid to date nor is it anticipated that any dividends will be paid in the foreseeable future.**

Upon liquidation, holders of the shares of the Company are entitled to share rateably in the assets available for distribution. The capital stock has no conversion or pre-emptive rights or redemption or sinking fund provisions applicable thereto. The outstanding shares in the capital of the Company are fully paid and non-assessable. The rights attaching to the Company's shares may only be modified, amended or varied in accordance with the provisions of The Corporations Act of Ontario.

The holders of the shares have non-cumulative voting rights, which means that the holders of more than 50% of the shares voting for the election of directors can elect all of the directors if they so choose and, in such event, the holders of the remaining shares will not be able to elect any directors.



**TABLE II**

Designation of Security	Number and Amount in Dollars Authorized	Number and Amount in Dollars Outstanding as of October 31, 1968	Number and Amount in Dollars Outstanding as of December 27, 1968	Number and Amount in Dollars to be Outstanding if all Securities being Issued are Sold
First Mortgage*	\$31,200	\$ 26,400	\$ 26,400	\$ 26,400
Shares without par value	3,000,000	1,750,005 \$ 172,505	1,750,005 \$ 172,505	2,100,005** \$ 312,505**

\* For particulars of this security see heading PROPERTY. Camden Mining Company Pty. Limited has been indemnified by Catawba International, Inc. against 50% of this liability.

\*\*These figures reflect only the sale of 350,000 underwritten shares. If the 350,000 shares under option are all taken up and paid for the number of shares outstanding would be 2,450,005 for which the Company will have received \$502,505.

## **DILUTION**

If all the 700,000 shares offered by this Prospectus are sold, such shares will represent 28.5% of the issued and outstanding shares in the capital of the Company. The 750,000 vendors shares originally issued by the Company to the persons who sold the Camden shares to the Company (see ACQUISITION OF CAMDEN MINING COMPANY PTY. LIMITED) will represent 30.6% of the issued and outstanding shares in the capital of the Company. The 944,000 shares issued to underwriters for cash prior to the date of this Prospectus plus the 700,000 shares offered by this Prospectus will represent 67.1% of the Company's issued and outstanding shares.

The 56,000 shares purchased by Forward Explorations Limited (See PRIOR SALES) will represent 2.3% of the issued and outstanding shares in the capital of the Company.

## **BUSINESS OF COMPANY AND SUBSIDIARY**

The Company's first business venture was to acquire all the issued and outstanding shares of Camden Mining Company Pty. Limited ("Camden") which acquisition is referred to under the heading ACQUISITION OF CAMDEN MINING COMPANY PTY. LIMITED. Camden had acquired an option on certain Mining Lands which option is referred to under the heading PROPERTY, which option was exercised on the recommendation of the Company's geologist. To enable Camden to exercise the said option the Company entered into agreements dated September 21, 1967 and November 1, 1967 with Catawba International, Inc. (hereinafter referred to as "Catawba"), Century House, 70 Pitt Street, Sydney, N.S.W., Australia, whereby the Company and Catawba agreed to appoint certain trustees to cause Camden to exercise its option on the Mining Lands if certain conditions were met and to advance sufficient funds for this purpose, which arrangement was completed November 7, 1967. The Company agreed to cause Camden to grant to Catawba a fifty per cent undivided interest in the Mining Lands in consideration of Catawba contributing fifty per cent of the funds required to exercise the option; fifty per cent of all moneys expended by Camden and the Company in keeping the Mining Lands in good standing (excluding the initial option payment) and in consideration of Catawba indemnifying Camden against 50% of all costs or liabilities arising by virtue of its holding title to the properties including costs and liabilities in respect of the mortgage taken back by the Optionors. It was also agreed that Catawba and Camden would enter into an operating agreement in respect of the Mining Lands under which Catawba would be appointed the operator and manager of the Mining Lands for the joint account of Catawba and Camden, and both parties would provide funds for the exploration and development of the Mining Lands. For particulars of this agreement see the section headed OPERATING AGREEMENT.

Camden and Catawba embarked on an exploration and development program which is summarized under the heading PROPERTY which program was financed by the Company as to Camden's share. It is intended that the Company will continue to provide financing to Camden as may be required to allow Camden to fulfill its obligations under the said operating agreement and the Company shall remain responsible for the management of Camden's affairs.

## **PROPERTY**

By agreement dated October 5, 1965 Camden Mining Company Pty. Limited ("Camden") acquired from Yerranderie Silver Mines Pty. Limited having its registered office at 56 Hunter Street, Sydney, N.S.W., Gordon

Sellers of 632 Princes Highway, Russell Vale Woonona, N.S.W., and Charles Wooller Marshall of 56 Hunter Street, Sydney, N.S.W. ("Optionors") an option to purchase the mining titles and applications for mining titles referred to below for a period of 12 months from the date of agreement, subject to renewal for a further period of twelve months. The consideration for the option was \$4,800 and was renewed for the additional period by the payment of a further \$4,800. The purchase price was \$84,000 less the payments made for the option and renewal thereof. The Company has no knowledge of what part of this purchase price was paid to any one of the Optionors.

The option was exercised on the recommendation of the Company's geologist and the purchase was completed on November 7, 1967, at which time \$43,200 was paid in cash plus legal costs of \$999 and the balance of \$31,200 was secured by a first mortgage on the properties, given back to the Optionors. During 1968 a payment of \$4,800 was made leaving a balance of \$26,400. Camden holds a 50% undivided interest in these properties in trust for Catawba which was formalized by a declaration of trust made as of the sixth day of February, 1968. See heading BUSINESS OF COMPANY AND SUBSIDIARY. The principal moneys are payable as to \$4,800 per annum on the first day of April 1970, 1971 and 1972 and the balance of the said principal sum on the same day of the year 1973 with a right of prepayment by Camden. Interest at the rate of 6% per annum on the principal sum outstanding commenced on April 1, 1968, which interest is to be paid on the 31st day of December during the term of the mortgage.

Camden acquired the following mining titles on the exercise of the said option:

Mineral Lease of Crown Land No. 5086

Mining Lease of Private Land Nos. 3633, 3422, 3423 and 3426.

Authorities to Prospect Nos. 2851, 2821, 2788, 2787.

Applications for Mineral Lease Nos. 219, 220, 221, 222, 223 and 262 to 266 inclusive.

Applications for Authorities to Prospect Nos. 35, 43, 44, 47, 48, 55 and 56.

Applications for Authorities to Enter Nos. 105, 106, 107, 112, 113 and 114.

In New South Wales, a mining lease of Crown Land is obtained by applying directly for a lease of such land or alternatively applying for an Authority to Prospect such land and if the results of prospecting so warrant then applying for a mining lease. To obtain a mining lease of private lands an Authority to Enter must first be obtained.

Authorities to Prospect are granted by the Crown for a period of twelve months and are renewable. The Authorities to Prospect referred to herein authorize the holder thereof to prospect on Crown Lands for silver and lead within a defined area but do not entitle the prospector to win or remove these minerals. Upon discovery of any minerals on such lands, notice has to be given to the Minister of Mines who may thereupon require the holder of the Authority to apply for a lease of the land.

Applicants for Authorities to Prospect do not have any right to prospect upon the lands comprised in the Application until such time as the Authority to Prospect is granted.

Authorities to Enter are granted by the Warden appointed under the Mining Act, 1906, New South Wales, which allows the holder thereof to enter in and upon any private lands which are defined in the Authorities and search for minerals reserved to the Crown. Annual rental is paid by the holder to the owner of the land. In addition, compensation is assessed against the holder of the Authority payable to the owner of the land. These Authorities are granted for twelve month periods and are renewable once.

Applicants for Authorities to Enter do not have any right to enter upon the lands comprised in the Application until the same is granted except for purposes of defining the boundaries of the area applied for. If more than one Application is made for the same land, the Application which has been first lodged shall be first considered and dealt with.

The rights of an applicant for a Mining Lease whether of Crown or Private Lands are substantially the same as those of the holder of a Mining Lease. However, unless an applicant for a Mining Lease commences mining operations on the lands comprised in his Application he would not incur any obligations in respect of payment of rent or compliance with labour conditions until the grant of Lease pursuant thereto.

Since the exercise of the said option various changes have occurred in the status of the properties owned by Camden and Catawba including the grant of a mineral exploration licence covering 225 square miles centered on the Leases referred to below. At the date hereof the mining titles presently held by Camden and Catawba are as follows:

Mineral Leases of Crown Lands Nos. 5086 and 6106 covering approximately 78 acres (subject to certain surface exceptions).

Lease No. 5086 expired on January 8, 1968. A valid application for further renewal was lodged on February 2, 1967. The lease continues in force pursuant to S.107A of the Mining Act, 1906 which states that the term of the



lease shall be deemed to be extended until the application is granted or refused. Camden has been notified by the New South Wales Department of Mines that the renewal action will be completed in the near future and verbal advice has been received from the Department of Mines that formal renewal will shortly be granted subject to changes in some of the conditions of the lease, which changes are not yet known. Lease No. 6106 expires in 1988. A nominal annual rental is payable in respect of these leases as well as a royalty of 1½% in the case of Lease No. 5086 and 2% in the case of Lease No. 6106. Labour conditions apply, requiring the employment of 6 men on these leases until September 1969 after which 8 men will be required. Application for suspension of these labour conditions has been made.

Mineral Leases of Private Lands Nos. 3422, 3423, 3426 and 3633 covering 106 acres (subject to certain surface exceptions). The first 3 leases expire in 1973 and the last one expires in 1984. Labour conditions apply requiring the employment of 12 men on these leases. Application for suspension of these labour conditions has been made. An aggregate nominal annual rental is payable as well as a royalty of 1½%.

Notices of Complaint concerning non-compliance with Labour conditions on the lands covered by Mineral Lease of Crown Land 5086 and Mineral Leases of Private Lands Nos. 3422, 3423, 3426 and 3633 have been filed with the New South Wales Department of Mines. Camden and Catawba are advised by Australian Counsel that the action is being defended and even if the complaints are successful they will not affect the mining titles of Camden and Catawba to the lands comprised within said leases.

Authorities to Prospect Nos. 3170 and 3233 covering approximately 235 acres. These expire in October and November of 1969 respectively and require nominal rental payments as well as the employment of 4 men. Suspensions of labour conditions have been applied for.

Applications for Authorities to Prospect Nos. 47, 48 and 56, covering approximately 22 acres, have been made and are still pending.

Authorities to Enter Nos. 6307, 6308, 6309, 6310 and 6311 covering approximately 404 acres (less areas of public roads and Crown lands). These expire in September, 1969 and a nominal annual rental is payable. Labour conditions requiring the employment of 15 men apply although application for suspension of these conditions has been made.

Applications for Mineral Leases Nos. 219, 220, 262, 263 to 266 inclusive and 273 to 298 inclusive covering approximately 1,648 acres have been made and are all pending. There is some duplication so that the net area covered by these applications is approximately 1,568 acres.

Under the mining legislation of New South Wales unless the Minister is satisfied whether by reason of the difficulties and cost attending the construction of mine workings and mining or any other sufficient reason no mining lease of Crown or private lands may be granted in excess of an area of 80 acres in the normal case. However where sufficient reason exists for the grant of Leases exceeding an area of 80 acres the Governor of New South Wales may, upon the recommendation of the Minister for Mines, grant Special Leases of areas in excess of 80 acres. It is the present policy of the New South Wales Department of Mines, if sufficient reason exists, to grant Special Leases pursuant to applications therefor. The Department's present policy is to limit the area of any Special Lease to 640 acres; however, there is no limit to the number of applications for Special Leases which may be made. By reason of the large number of applications for mining titles held by Camden and Catawba and the total area comprised in such applications, it is intended to apply for Special Leases of the areas currently covered by such title applications on the grounds that the grant of Special Leases will result in more efficient employment of the number of personnel prescribed by labour conditions attaching to Leases, simplification of administration of titles and reduction in overhead costs resulting from reduced administrative requirements.

Upon application for a Special Lease the following amounts (expressed in Australian currency) are payable: The royalty payable under and the labour and other conditions, reservations and exceptions to be contained in Special Leases may be fixed at the discretion of the New South Wales Government whereas the rental is fixed at 50¢ per acre in the case of Crown land and \$4 per acre in the case of private lands.

### **Mineral Exploration Licence**

On June 13, 1968 Camden and Catawba pursuant to a Mineral Exploration Licence issued in satisfaction of Application for Mineral Exploration Licence No. 286 acquired the exclusive right to carry out prospecting operations for copper, lead, zinc, silver and gold over an area of 225 square miles centered on the Leases above referred to subject to such rights and interests under the New South Wales Mining Act as were then lawfully subsisting in respect of such area. The Licence was granted for a term of twelve months. The Licence contains a Special Condition which provides that in the event of any application for extension of the Licence being made and granted such extension will embrace an area of not more than 50% of the area granted under the Licence. Successive extensions of the Licence for further periods not exceeding six months each may be made but the total period of the Licence including

extensions may not exceed twenty-four months. Notwithstanding that a Licence including extensions may not continue in force beyond twenty-four months it is competent for a Licence holder to make application for a new Licence over an area currently held by him under Licence. It is a condition of the Licence that the Licensees shall spend \$20,000 (Australian) on operations on the area during the term of the Licence, of which not less than \$10,000 (Australian) shall be spent during the first six months of the term. The Company intends to comply with these requirements. Prospecting operations to date have been restricted to geological and geochemical surveying, and the future operations will be restricted to detailed geological mapping and geochemical surveying to outline in detail anomalous areas discovered in the course of stream sediment sampling.

### **Location, Accessibility and Water Supply**

The Mining Lands are located 60 airline miles southwest of Sydney and are accessible by two routes, the "Eastern" via Camden and the "Western" via Oberon. Use of the "Eastern" route is restricted by the Department of Mines of New South Wales and may only be used with the consent of the Metropolitan Water Sewage & Drainage Board. The western route is 164 miles from Sydney. This route is passable all the way to the Mining Lands by car.

An adequate supply of water is available from the nearby Tonalli River and alternatively the Wollondilly and the Kowmung Rivers. The annual rainfall is 28 inches spread throughout the year.

### **History**

Mineralization was first discovered in the Yerranderie area in 1872 and mining operations began in 1898. Production was less than 1,000 tons per annum until 1902. The period of maximum production was 1908 to 1912 when 35,051 tons of ore were mined which yielded 3,735,123 ozs. of silver, 8,999 tons of lead and 6,386 ozs. of gold. Several of the mines closed in the 1920's, but mining operations continued at the largest producer, the Silver Peak Mine, until February 11, 1929 when industrial difficulties closed the mine (Annual Report—Department of Mines, New South Wales, for the year 1929, page 23). The Colon Peaks Mines, the second largest producer, closed the following year. These mines never re-opened, except to gouge some high-grade silver ore from the upper levels of the Colon Peaks Mine. A total of less than 5,000 tons of ore has been mined from the field since 1930.

Production figures of the Yerranderie Silver-Lead Field compiled from the Annual Reports of the Department of Mines, New South Wales, show that 122,496 tons of ore were raised and sold having a metallic content of 10,940,137 ounces Silver, 28,444 tons Lead and 19,995 ounces Gold.

### **Underground Workings**

Recent data on the major part of the underground workings are not available. The description presented herein is based on a plan produced about 1930 and on limited information obtained from the present dewatering program.

On the western part of the property two mines were developed. These are named the Colon Peaks and Silver Peak; the latter is the down-dip continuation of the Colon Peaks.

The Colon Peaks has been developed by three inclined shafts named the No. 6 shaft, the New Shaft and the Main Shaft for seven levels. An internal inclined shaft in the western part of the workings carries development from the sixth level to the eleventh level. The eleventh level of the Colon Peaks corresponds with the fourth level of the Silver Peak.

In the Colon Peaks mine lateral development extends over a length of approximately 3000 feet on the 3rd and 7th level. Lateral development on other levels is about one-half this length or about 1500 feet.

The extent of stoping is unknown.

The Silver Peak mine, on down-dip continuation of the Colon Peaks, has been developed for 8 levels below the 7th level of the Colon Peaks. Lateral development on all levels, except the number 1 level is relatively uniform extending over a length of approximately 1200 feet.

Extent of stoping is not known.

Approximately 1500 feet east of the most easterly development of the Colon Peaks mine is located the Main Shaft of the Wollondilly Silver Mine. This mine has been developed through an inclined shaft over a lateral length of approximately 1200 feet and down-dip depth of approximately 1500 feet. Vertical depth is approximately 690 feet.

Minor development has been done to east of the Wollondilly in the New Burragorang Mine through the New Burragorang and Kerry inclined shafts.

At present, there is no underground plant or equipment on the property except for the pumping facilities required for dewatering purposes and hoisting equipment required for rehabilitation and access purposes.

The present dewatering program via the Main inclined shaft has succeeded in exposing the mine workings in the Colon Peaks mine to the seventh level. The vein in place has been found to the east of the shaft but blockages



on the third and fifth level to the west of the shaft prevented access. The areas to the west of the shaft, according to old reports, are the most significant with respect to development of ore reserves. The fourth and sixth levels, according to old plans, do not extend into this area.

On the seventh level a blockage exists which is in the process of being cleared to allow dewatering to continue to the eighth level west in the Colon Peaks mine.

Blockages on the third and fifth levels are also being cleared to allow access to the west of the shaft for mapping and sampling.

Extensive mapping and sampling of accessible workings were in progress prior to Christmas holidays in Australia. Results from this work will not be known for several weeks.

The extent of stoping and full detail on the extent of the mine workings in the Colon Peaks remains unknown. These are to be the subject of a mine survey which is to be initiated early in 1969. Full data is also dependent on clearing of the levels mentioned above.

## Surface Exploration

Geological mapping on a scale of  $1'' = 400$  feet has been completed on the properties held under various titles other than the Mineral Exploration Licence and described elsewhere in this Prospectus. In addition, in the immediate area of the Colon Peaks - Silver Peak mines mapping on a scale of  $1'' = 200$  feet has been completed.

Geochemical surveys following an established surveyed grid on the above described portion of the properties have also been completed. Samples were taken at one hundred foot intervals on line spacing of two hundred feet. Analyses of the samples were by dithizone cold extraction. Samples from every third line (600-foot spacing) were analysed by dithizone cold extraction and atomic absorption techniques for check purposes. Analyses were conducted for copper, lead and zinc.

In general, well-defined anomalies were found in the areas of the Colon Peaks - Silver Peak, Wollondilly, Burragorang and Kerry mines showing possible extension of known areas of favourable mineralization as indicated by present known mine workings.

Southeast from the Kerry Mine an anomalous zone extends for a distance of approximately two thousand feet following a "line of lode" described by L. F. Harper "Report on the Yerranderie Silver Field" N.S.W. Dept. of Mines, 1930. No extensive workings exist on this "line of lode".

Several other anomalies of apparent minor significance were also found during the course of the investigations.

Concurrent with the geological and geochemical surveys described above extensive survey and sampling of tailings dumps and waste rock dumps from previous operations were undertaken. This established the presence of approximately 23,500 short tons of tailings in three locations namely the Colon Peaks, Silver Peak, and Kerry mine areas. Of these the Silver Peak tailings dumps are the largest comprising about 21,500 short tons of the above total tonnage. The results of sampling of the tailings dumps show an average silver content of approximately 11 ounces per short ton.

With respect to the waste rock dumps 203,600 short tons have been found distributed in workable units among previous mine workings described elsewhere. The largest tonnage exists in the Silver Peak - Colon Peaks area. The work completed shows an average silver content of 2.9 ounces per short ton for approximately 119,000 tons of the waste rock. Sampling of the balance of the waste rock dumps is complete but results are not yet known.

Metallurgical tests to determine the nature of the problems of recovery are in progress.

In the Mineral Exploration Licence area reconnaissance geological mapping and stream sediment geochemical sampling have been completed. These have revealed areas of interest requiring detailed follow-up to determine their significance.

Two former prospects worked by shallow shafts were also found in the Mineral Exploration Licence area. The significance of these is not known at present.

The only surface plant or equipment on the property is the normal field office and transportation requirements necessary for geological, geochemical and other surveys being conducted on the property.

## **Ore Reserves**

The Annual Report of the Department of Mines, New South Wales for the year 1921 (page 71) states that the estimated probable ore reserve of the Colon Peaks Mine is 40,000 tons and that the reserve for the Silver Peak Mine is 15,000 tons. It also states that the reserves of the Silver Peak Mine would be greatly increased when the Eastern and Western ore shoots of the Colon Peaks Mine were encountered. The Western ore shoot was encountered the following year, 1922, and the probable ore reserves at Silver Peak were increased an additional 15,000 tons (Annual Report, Department of Mines, New South Wales, 1922, page 26), bringing the probable ore reserves in the Silver Peak to 30,000 tons and the probable ore reserves for both mines to 70,000 tons.

Production figures published in the Annual Report of the Department of Mines, New South Wales shows that only 22,960 tons of ore have been produced from both mines since this time. This suggests a total of 47,000 tons of unmined ore in the Colon Peaks - Silver Peak Mine.

With respect to grade, Mr. E. J. Kenny in the New South Wales Mines Department, Geological Survey Bulletin No. 2 (1923, page 29) states that the siliceous ore, the "Seconds", contains about 70 ozs. of silver and 15% lead per ton. Since all of the records referring to ore reserves are old and based on practices prevalent in the 1920's, it can only be assumed that the above tonnages having a similar grade remain in the mine. The purpose of the present program is to verify this assumption.

The work in progress has not as yet provided sufficient data for calculation of ore reserves or verification of the above assumption.

## **Conclusions and Recommendations**

From the old Mine Department's records it appears that unmined ore remains in the Colon Peaks - Silver Peak Mine.

The verification of the presence of unmined vein in mine workings of the Colon Peaks Mine begins to provide possible validation of older data, though much additional work must be completed before any firm conclusions can be reached.

The results of the geochemical survey and the geological mapping now completed in the vicinity of the existing mine workings provide encouraging information showing possible extension of favourable areas of mineralization.

Preliminary results from the reconnaissance geological mapping and stream sediment sampling in the Mineral Exploration Licence area provide data warranting further exploration in this sector.

In the light of the developments on the company's properties to date A. T. Griffis, Ph.D., P.Eng., in a report dated November 17, 1968, has recommended continuation of the program of mine dewatering, and mine sampling together with detailed mine survey. He has also recommended diamond drilling of seven holes to test the possible continuity of the ore east and west of the Colon Peaks - Silver Peak Mine laterally from and below existing mine workings. Copies of such report are available in the public files of The Securities Commissions of Ontario and Alberta.

In addition to the above recommendations directed at further evaluation of the Colon Peaks - Silver Peak sector of the property, it has been recommended that metallurgical tests be undertaken on material from the dumps, tailings and mine to allow preliminary process layout and estimate costs of the same.

Dr. Griffis also recommends detail "fill-in" soil sampling for geochemical purposes for certain anomalies occurring on the surveyed grid section of the property as well as an expanded program of stream sediment sampling in the Mineral Exploration Licence area.

The duration of the above primary recommendations under the said recommended program is five months at an estimated cost of \$144,000 of which Camden would have to pay half.

An additional budget of \$164,400 is also suggested to allow continuation of work in the mine contingent on results from the work done under the primary recommendations, consisting of dewatering, rehabilitation, sampling and survey, surface diamond drilling and analytical test work. Continuation of the program is to be contingent on progressive evaluation of results as they are obtained and would be dependent on funds being available for this.



## **OPERATING AGREEMENT**

Pursuant to the requirements of the agreement between Catawba and the Company, dated November 1, 1967, the Company caused Camden to enter into an agreement with Catawba dated as of the 2nd day of January, 1968 herein referred to as the Operating Agreement. The Operating Agreement is intended to provide for the orderly conduct of joint mining operations on the Mining Lands owned by both parties. An operating committee of one representative from each party has been constituted which committee determines policies, authorizes programs to be implemented by the Operator and approves budgets. If the operating committee is unable to agree on a program, the Operator has the right to implement such reasonable program as may be necessary to meet the minimum requirements to keep the Mining Lands in good standing.

Catawba has been appointed the Operator and is reimbursed equally by Camden and Catawba for all costs including overhead but receives no fee for its services.

The Operating Agreement provides for independent programs to be undertaken by either party providing certain conditions precedent are complied with. In the event such independent program should result in the discovery or delineation of a commercial ore body, the party undertaking such program shall be entitled to all ores produced therefrom, if any, until such time as the value of such production after deducting the usual smelter and transportation charges shall equal 350% of the cost of such independent program plus 100% of the cost of producing such ore during such period as determined in accordance with good accounting practice as generally applied in the mining industry. Thereafter such production shall be owned in proportion to the parties' respective undivided interests in the Mining Lands.

In the event of default by either party in making the required payments under any authorized program, interest shall accrue at the rate of 10% per annum. Moreover, if such default is not cured within 90 days of notice of default, the undivided ownership in the Mining Lands shall be adjusted so that the undivided interest of the delinquent party shall be decreased by and that of the other party increased by that percentage which the amount remaining due from the delinquent party to the joint account for its share of costs and expenses due and accrued interest thereon bears to the total amount expended on the Mining Lands for the joint account from the date on which the first expenditures were made by Camden.

Provision is made in the agreement for change of Operator and for the adding of additional properties to the Mining Lands covered by the agreement. Furthermore, without the consent of the other party, there shall be no assignment of any part of the agreement or any of the rights in the Mining Lands. The agreement shall remain in force so long as any of the Mining Lands remain subject thereto.

The operating committee recently approved the primary recommendations made by Dr. A. T. Griffis in his report dated November 17, 1968 and authorized, subject to the acceptance of this prospectus for filing by the appropriate Securities Commissions, the implementation of said recommendations which are referred to above.

## **ACQUISITION OF CAMDEN MINING COMPANY PTY. LIMITED**

By agreement dated October 25, 1967 the Company acquired from The Catawba Corporation, 103 East 37th Street, New York, N.Y., as Trustee, Robert W. Macaulay, 88 Elm Avenue, Toronto, Ontario, as Trustee, Kevin Robert Besly, 862 Royal York Road, Toronto, Ontario, Russel H. Bullied, 1108 Belavista Crescent, Calgary, Alberta, United Explorations & Mining Corporation Ltd., Suite 702, 25 Wellington St. N., Sherbrooke, Quebec, and Forward Explorations Limited, Suite 2200, 120 Adelaide Street West, Toronto, Ontario, (hereinafter sometimes collectively referred to as the "Vendors") the beneficial ownership to four ordinary shares in the capital stock of Camden Mining Company Pty. Limited, which were all the issued and outstanding shares in the capital of Camden.

These shares are held in trust for the Company under trust agreements dated October 27, 1967 from John William Lind and Marie Agnes Lind, 155/159 Castlereagh Street, Sydney, N.S.W.

In addition to transferring to the Company the said shares of Camden, Forward Explorations Limited forgave or caused to be forgiven to Camden, obligations owing by Camden, in the amount of \$7,500.

As consideration for the sale of the four Camden shares to the Company, the Company allotted and issued 750,000 fully paid and non-assessable shares in the capital of the Company, hereinafter referred to as "Vendors



Shares", to the following persons pursuant to directions received from the Vendors, of which shares 75,000 were free shares and 675,000 are escrowed shares in the following proportions:

<u>Name</u>	<u>Address</u>	<u>Number of Shares Held in Escrow</u>	<u>Number of Free Shares</u>
United Explorations & Mining Corporation Ltd.	Suite 702, 25 Wellington St. N., Sherbrooke, Quebec.	67,500	7,500
Kevin Robert Besly	862 Royal York Road, Toronto 18, Ontario.	33,750	3,750
Russel H. Bullied	1108 Belavista Crescent, Calgary, Alberta.	33,750	3,750
Forward Explorations Limited	Suite 2200, 120 Adelaide Street West, Toronto 1.	270,000	30,000
The Catawba Corporation, as Trustee	103 East 37th Street, New York, N.Y.	202,500	22,500
Catawba International, Inc.	Century House, 70 Pitt St., Sydney, N.S.W., Australia.	12,330	1,370
Kenneth Earle Howie	1530 Pinetree Crescent, Port Credit, Ontario.	1,647	183
Ralph Owen Howie	71 Plymbridge Road, Willowdale, Ontario.	396	44
Victor Richard Edward Perry	45 Duggan Avenue, Toronto 7, Ontario.	207	23
Keith Munro Gibson	206 Briar Hill Drive, Port Credit, Ontario.	612	68
Berence James Thomson	209 Dunvegan Road, Toronto 7, Ontario.	207	23
Paul Gilmore Ellis	720 Millwood Road, Toronto 17, Ontario.	207	23
Carol MacLennan	1227 Avenue Road, Toronto, Ontario.	396	44
Eric G. Lambert	355 Beverley Avenue, Town of Mount Royal, Montreal, Quebec.	2,061	229
Len Schell	Rothsay, Ontario.	1,233	137
W. Stevenson	366 Glengrove Ave. West, Toronto 12, Ontario.	15,291	1,699
Richard Ticknor	1306 The Queensway, Toronto, Ontario.	4,131	459
Patrick Reynolds	Suite 1818, Marine Bldg., 355 Burrard St., Vancouver 5, B.C.	2,061	229
Verona Eileen Rush	470 Spadina Road, Toronto, Ontario.	2,061	229
Tadeusz Budzich	80 Murwood Drive, Moreland Hills, Ohio.	12,330	1,370
Arnold Pitt	115 Dorset Street West, Port Hope, Ontario.	12,330	1,370

The Catawba Corporation holds the 225,000 Vendors Shares registered in its name in trust as follows: Catawba International Inc., 60,000 shares, certain employees of The Catawba Corporation, 55,000 shares, Eloise S. Buckley Home Trust, c/o The Catawba Corporation, 103 East 37th Street, New York, N.Y., 50,000 shares,

Norman H. Ursel, 169 Donnelly Drive, Port Credit, Ontario, 50,000 shares, Ian McFarlane, G.P.O. Box 4024, Sydney, Australia, 10,000 shares. Robert W. Macaulay acted as trustee in entering said agreement as trustee for all the shareholders shown above other than for the signatories to the said agreement.

Camden issued 96 additional shares to the Company on November 28, 1967 for a nominal consideration so that at the date hereof the Company owns 100 ordinary shares in Camden being all of the issued and outstanding shares.

## ESCROWED SHARES

To the knowledge of the Company, the following are the particulars of equity shares of the Company held in escrow on December 27, 1968.

**TABLE III**

Number of Shares Held in Escrow	Designation of Class	Percentage of Class
675,000	Shares without par value	38.16%

Certificates representing the 675,000 escrowed shares are held in escrow by The Canada Trust Company, 110 Yonge Street, Toronto, Ontario, subject to pro rata release to the persons entitled thereto and subject to transfer within the escrow only upon the written consents of the Ontario and Alberta Securities Commissions, the Company and any other regulatory authorities having jurisdiction.

## USE OF PROCEEDS

The Company is assured of receiving \$140,000 from the firm underwriting of 350,000 shares at 40¢ per share. The said sum will be applied to pay the costs of filing this prospectus estimated at \$9,500, and to provide Camden with sufficient funds to pay its share of the estimated costs of the primary programme on the properties recommended by Dr. A. T. Griffis, under his report dated November 17, 1968. The funds so to be provided to Camden by the Company are to cover just 50% of the funds required for said programme, Camden's portion being estimated at \$72,000. If results from the initial programme recommended by A. T. Griffis warrant, consideration will be given to the continuation of the Underground Program and Diamond Drilling as referred to in his report, the total cost of which is estimated at an additional \$164,400 of which Camden's share would be \$82,200. A decision to do this would be dependent on sufficient funds being available to the Company as a result of some or all of the shares under option being exercised. The balance of the available funds will be used to provide the Company, and through the Company, Camden with working capital.

In addition, any surplus funds which may be available over and above those funds required for the aforementioned purposes may be utilized for the acquisition by option or otherwise of additional mining properties of merit. So long as the Company's shares are in the course of primary distribution to the public, the Company shall, prior to the completion of such acquisitions, file and have accepted an amendment to the Company's prospectus.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdiction of Canada in which the securities offered by this prospectus may be lawfully sold. Any investments so made are expected to be short-term investments and shall be approved by the Board of Directors of the Company in advance. Should the Company propose to use the proceeds to acquire non-trustee type securities after primary distribution of the securities offered by this prospectus has ceased, approval by the shareholders will be obtained and disclosure will be made to the regulatory bodies having jurisdiction over the sale of the securities offered by this prospectus.

Additionally, moneys will not be advanced to other companies except as otherwise referred to herein and except to the extent necessary to provide Camden with funds in order to enable Camden to fulfill its commitments

under the Operating Agreement with Catawba including the implementation of the exploration and development programme as set forth in this prospectus.

## PROMOTERS

Forward Explorations Limited and Kevin Robert Besly are the Promoters of the Company by virtue of the statutory definition of Promoter contained in The Securities Act, 1966 (Ontario) and The Securities Act, 1967 (Alberta). Kevin Robert Besly was instrumental in having Camden acquire the option referred to under the heading PROPERTY and for these services Camden paid Kevin Robert Besly the sum of \$1,102. Reference is made to the section headed ACQUISITION OF CAMDEN MINING COMPANY PTY. LIMITED concerning the acquisition by the Company of all the issued and outstanding shares of Camden Mining Company Pty. Limited from the said Forward Explorations Limited, Kevin Robert Besly and others, for 750,000 shares of the Company. In addition, Forward Explorations Limited caused to be forgiven to Camden \$7,500 of moneys advanced to Camden by way of loan. Since the option referred to under the heading PROPERTY was the only significant asset of Camden at the time of such sale to the Company and since the option was in respect of mining properties that did not have proven ore bodies, it is not possible to assign any particular value thereto and accordingly the said 750,000 shares were allotted at a value of one cent per share (arbitrarily set by the directors of the Company after shareholders approval was obtained) for a total amount of \$7,500, which amount did not necessarily bear any relation to the actual worth of the Camden shares.

Reference is made to the agreement entered into between the Company and Forward Explorations Limited under the heading PRIOR SALES.

Kevin Robert Besly acquired his interest in the Camden shares from Forward Explorations Limited by agreement dated September 21, 1967 for \$375.

## PRINCIPAL HOLDERS OF SECURITIES AS AT DECEMBER 27, 1968

TABLE IV

Name and Address	Designation of Class	Type of Ownership	Number of Shares Owned	Percentage of Class*
Tom & Barnt, 80 Richmond St. West, Toronto, Ontario	Shares	Record	681,138	38.9%
Forward Explorations Limited, Suite 2200, 120 Adelaide St. West, Toronto, Ontario.	Shares	Record and Beneficial	326,000	18.6%
**The Catawba Corporation, as Trustee, 103 East 37th Street, New York, N.Y.	Shares	Record Only	7,370	.4%
		Record and Beneficial	217,630	12.4%

\* Based on issued capital of 1,750,005 shares and before the issuance of shares to the Underwriters referred to under the heading PLAN OF DISTRIBUTION.

\*\*Reference is made to the heading ACQUISITION OF CAMDEN MINING COMPANY PTY. LIMITED for the beneficiaries of this trust.

As of December 27, 1968, the percentage of shares of the Company beneficially owned directly or indirectly by all directors and senior officers of the Company as a group, are as follows:

TABLE V

Description of Class	Percentage of Class
Shares	5%

## PRIOR SALES

By agreement dated the 14th day of June, 1968, the Company agreed to sell to Forward Explorations Limited 56,000 shares in the capital of the Company at a price of 12.5¢ per share. The sale of these shares took place on the 30th day of July, 1968. A condition of the agreement was that the purchase of these shares was an investment and that Forward Explorations Limited agreed to hold such shares for at least nine months.



In addition, the Company sold 544,000 shares at 12.5¢ per share; 200,000 shares at 20¢ per share and 200,000 shares at 25¢ per share. The shares were sold pursuant to an underwriting agreement dated June 14, 1968 entered into with Tom & Barnt acting on behalf of Stannis Investments Limited and Kinglake Investments Limited.

## MANAGEMENT

The present officers and directors of the Company together with their home addresses and principal occupations within the preceding five years are as follows:

*President and a Director:* TADEUSZ BUDZICH, 80 Murwood Drive, Moreland Hills, Ohio, U.S.A., Consulting Engineer.

*Director:* ARNOLD PITT, 115 Dorset Street West, Port Hope, Ontario, President of New Imperial Mines Limited.

*Director:* RUSSEL HENRY BULLIED, 1108 Belavista Crescent, Calgary, Alberta, President of Cascade Drilling Company Limited, President of Pacific Asbestos Limited.

*Director:* RAYMOND ERROL GREENE DUVAL, Bishop's University, Lennoxville, Que., University Professor and Management Consultant.

*Secretary-Treasurer and a Director:* SAM TAYLOR, F.C.I.S., 2 Strathallan Blvd., Toronto, Ontario, Chartered Secretary; Partner, Taylor & Robson, Corporation Secretaries, Suite 1024, 85 Richmond St. West, Toronto, Ontario.

There was no direct remuneration paid to directors or officers of the Company for the year ended October 31, 1968. A director's fee of \$1,500 was paid to the director of Camden Mining Company Pty. Limited for the year ended October 31, 1968. From November 1, 1968 to December 27, 1968, the aggregate direct remuneration paid or payable by the Company to its directors and senior officers is nil, but prior to Mr. Taylor's appointment on December 30, 1968 as a director and Secretary-Treasurer of the Company, he provided administrative assistance to the Company's officers during a period of approximately five months and accrued fees payable to him at December 30, 1968 for these services are estimated at \$800.00. The aggregate direct remuneration payable to Camden's director to December 30, 1968 is \$250.

During the current financial year no remuneration will be paid to officers and directors as such but Head Office, secretarial and accounting services fees will be paid at the rate of \$300.00 per month, effective January 1, 1969, to Taylor & Robson, Suite 1024, 85 Richmond Street West, Toronto, Ontario, of which firm Mr. Taylor, the Secretary-Treasurer of the Company is a partner.

## INTEREST OF MANAGEMENT

Reference is made to the heading OPERATING AGREEMENT for the details of the operating agreement dated January 2, 1968 that was entered into by Camden and Catawba International, Inc. The latter company is 98% owned by The Catawba Corporation which company's shareholdings in the Company are referred to under the heading PRINCIPAL HOLDERS OF SECURITIES.

Reference is made to the heading ACQUISITION OF CAMDEN MINING COMPANY PTY. LIMITED for details of the consideration received by the following persons from the Company on the sale to the Company of all of the issued and outstanding shares of Camden Mining Company Pty. Limited, Tadeusz Budzich, Arnold Pitt and Russel Henry Bullied, all directors and/or officers of the Company, and the following persons whose interests are described under the said heading and the heading PRINCIPAL HOLDERS OF SECURITIES: Forward Explorations Limited and The Catawba Corporation.

Forward Explorations Limited's net costs for the acquisition of its interest in the Camden Mining Company Pty. Limited shares sold to the Company was \$5 and it forgave \$7,500 of moneys advanced to Camden. The cost to the other persons was as follows: Tadeusz Budzich, \$137, Arnold Pitt, \$137, Russel Henry Bullied, \$375, and The Catawba Corporation, \$2,250.

Reference is made to the heading PRIOR SALES for details of the purchase of shares of the Company by Forward Explorations Limited. The only persons having a greater than 5% interest in Forward Explorations Limited are Tadeusz Budzich and Arnold Pitt, directors of the Company; Eric G. Lambert, 355 Beverley Avenue, Town of Mount-Royal, P.Q.; David Straw, Apt. 4, 127B Victoria Road, Bellevue Hill, N.S.W., Australia; and T. A. Ditchfield, 149 King Street, Preston, Ontario.

## **TRANSFER AGENT AND REGISTRAR**

The Canada Trust Company is the Transfer Agent and Registrar of the Company's shares at its principal offices in Toronto, Ontario and Calgary, Alberta.

## **AUDITORS**

Riddell, Stead, Graham & Hutchison, Chartered Accountants, 48 Yonge Street, Toronto, Ontario, are the auditors of the Company.

## **MATERIAL CONTRACTS**

The Company and its subsidiary, Camden Mining Company Pty. Limited, have not entered into any contracts which are presently material to the within offering of securities except in the ordinary course of business and except for the following contracts. Copies of such agreements may be inspected at Suite 1024, 85 Richmond Street West, Toronto, Ontario, during ordinary business hours during the period of primary distribution of the shares offered by this prospectus.

1. Agreement dated October 25, 1967, whereby the Company acquired from The Catawba Corporation, as trustee, R. W. Macaulay, as trustee, Kevin Robert Besly, Russel H. Bullied, United Explorations & Mining Corporation Limited and Forward Explorations Limited, the beneficial ownership of all the issued and outstanding shares of Camden; reference is made to the heading ACQUISITION OF CAMDEN MINING COMPANY PTY. LIMITED.
2. Agreement dated September 21, 1967 between the Company, Catawba International, Inc. and Norman Ursel and Arnold Pitt as trustees, which agreement provided for the appointment of Messrs. Norman Ursel and Arnold Pitt as trustees, to exercise the option held by Camden if certain conditions were met and under which funds were advanced for the exercise of such option; reference is made to the heading BUSINESS OF COMPANY AND SUBSIDIARY.
3. Agreement dated November 1, 1967 between the Company and Catawba International, Inc. whereunder the Company agreed to cause Camden to deliver to Catawba a declaration of trust as to the 50% interest acquired by Catawba in the properties if the option held by Camden was exercised and whereunder the basic provisions of the Operating Agreement which was to be entered into between Camden and Catawba is set forth; reference is made to the heading BUSINESS OF COMPANY AND SUBSIDIARY.
4. Agreement dated January 2, 1968 between Catawba and the Company providing for the appointment of Catawba as the Operator of the property; reference is made to the heading OPERATING AGREEMENT.
5. Agreement dated as of December 30, 1968 between the Company and Stannis Investments Limited and Kinglake Investments Limited as Underwriters providing for the firm purchase of 350,000 shares in the capital of the Company and for the option of 350,000 additional shares; reference is made to the heading PLAN OF DISTRIBUTION.
6. Agreement between the Company and Forward Explorations Limited providing for the purchase of 56,000 shares in the capital of the Company for investment purposes; reference is made to the heading PRIOR SALES.

## **OTHER MATERIAL FACTS**

There are no other material facts relating to the securities proposed to be offered and not disclosed herein.



# YARANDRY SILVER MINES LIMITED

## Consolidated Balance Sheet as at October 31, 1968

A S S E T S	1968	1967
<b>CURRENT ASSETS</b>		
Cash .....	\$ 57,746	46,227
Prepayments and deposits .....	—	500
	<u>57,746</u>	<u>46,727</u>
<b>DUE FROM CATAWBA INTERNATIONAL INC. (Note 1) .....</b>	<b>13,200</b>	<b>—</b>
<b>MINING PROPERTIES AND RELATED EXPENDITURES (Note 1)</b>		
Mining properties (see schedule) .....	45,942	87,079
Deferred exploration and development expenditures .....	73,967	25,303
Automobile and equipment at cost less depreciation of \$824 .....	2,112	—
	<u>122,021</u>	<u>112,382</u>
Contributed by Catawba International Inc. ....	—	27,141
	<u>122,021</u>	<u>85,241</u>
<b>INCORPORATION EXPENSES, at cost .....</b>	<b>5,119</b>	<b>5,119</b>
	<u>\$ 198,086</u>	<u>137,087</u>
 <b>L I A B I L I T I E S</b>	 <b>1968</b>	 <b>1967</b>
<b>CURRENT LIABILITIES</b>		
Accounts, payable and accrued .....	\$ 28,886	4,706
Due to Forward Explorations Limited .....	—	10,008
Due to Yerranderie Syndicate .....	—	16,475
Due to Ursel and Pitt as Trustees .....	3,077	27,141
Due to Catawba International Inc. ....	7,375	—
	<u>39,338</u>	<u>58,330</u>
<b>LONG-TERM DEBT</b>		
Due on purchase of mining properties (Note 1) .....	26,400	74,400
 <b>S H A R E H O L D E R S ' E Q U I T Y</b>		
<b>CAPITAL STOCK (Note 2)</b>		
Authorized		
3,000,000 shares without par value		
Issued		
750,000 shares in exchange for shares in subsidiary .....	7,500	7,500
1,000,005 shares for cash (1,000,000 issued during the year) .....	165,005	5
	<u>172,505</u>	<u>7,505</u>
<b>DEFICIT .....</b>	<b>40,157</b>	<b>3,148</b>
	<u>132,348</u>	<u>4,357</u>
	<u>\$ 198,086</u>	<u>137,087</u>

Signed on behalf of the Board:

T. BUDZICH, Director.

S. TAYLOR, Director.

## AUDITORS' REPORT

TO THE DIRECTORS,  
YARANDRY SILVER MINES LIMITED

We have examined the consolidated balance sheet of Yarandry Silver Mines Limited as at October 31, 1968 and the consolidated statements of deferred exploration and development expenditures, administrative expenses and deficit and source and application of funds for the period from inception October 5, 1965 to October 31, 1968. Our examination of the financial statements of Yarandry Silver Mines Limited included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied upon the report of the auditors who have examined the financial statement of the subsidiary, Camden Mining Company Pty., Limited.

In our opinion these financial statements present fairly the financial position of the companies as at October 31, 1968 and the results of their operations and the source and application of their funds for the period from inception, October 5, 1965 to October 31, 1968, in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Ontario  
December 30, 1968.

RIDDELL, STEAD, GRAHAM & HUTCHISON,  
Chartered Accountants.



# YARANDRY SILVER MINES LIMITED

## Consolidated Schedule of Mining Properties As at October 31, 1968

	1968	1967
6 mining and mineral leases in New South Wales		
Authorities to prospect and to enter, applications for authorities to prospect and applications for mineral leases in New South Wales		
Mineral exploration licence in New South Wales covering 225 square miles including area of above-mentioned leases, authorities and applications		
At cost, including excess of cost of acquiring shares in subsidiary over book value of assets in subsidiary .....	\$ 87,079	87,079
Less, recovery from sale of 50% interest (Note 1) .....	41,137	—
	<u>\$ 45,942</u>	<u>87,079</u>

# YARANDRY SILVER MINES LIMITED

## Consolidated Statement of Deferred Exploration and Development Expenditures For the Period from Inception October 5, 1965 to October 31, 1968

	Year Ended October 31, 1968	As at October 31, 1967
Assays and laboratory .....	\$ 1,340	—
Automotive expenses .....	1,187	1,726
Depreciation expense .....	412	—
Equipment rental and contract services .....	87	332
General .....	1,021	813
Geological fees, engineering fees and expenses .....	42,950	9,878
Legal fees and expenses of subsidiary company .....	3,043	2,030
Lease expenses .....	1,434	345
Maps .....	661	416
Salaries and wages .....	5,554	6,133
Supplies .....	2,647	262
Travel .....	979	3,368
	<u>61,315</u>	<u>25,303</u>
Balance at beginning of period .....	25,303	—
	<u>86,618</u>	<u>25,303</u>
Received on sale of 50% interest in mining properties (Note 1) .....	12,651	—
BALANCE AT END OF PERIOD .....	<u>\$ 73,967</u>	<u>25,303</u>

# YARANDRY SILVER MINES LIMITED

## Consolidated Statement of Administrative Expenses and Deficit For the Period from Inception October 5, 1965 to October 31, 1968

	Years ended October 31		From Inception to October 31, 1966
	1968	1967	
ADMINISTRATIVE EXPENSES			
Audit and accounting .....	\$ 7,150	750	—
Bank charges and interest .....	1,555	( 57)	2
Consultants' fees and expenses .....	2,893	—	—
Directors' fees of subsidiary company .....	1,500	—	—
Filing fees .....	22	—	—
General .....	1,841	—	203
Legal .....	18,751	2,250	—
Printing and stationery .....	71	—	—
Shareholders' information .....	3,226	—	—
	<u>37,009</u>	<u>2,943</u>	<u>205</u>
Deficit at beginning of period .....	3,148	205	—
DEFICIT AT END OF PERIOD .....	<u>\$ 40,157</u>	<u>3,148</u>	<u>205</u>



# YARANDRY SILVER MINES LIMITED

## Consolidated Statement of Source and Application of Funds For the Period from Inception October 5, 1965 to October 31, 1968

	Years ended October 31,		From Inception to October 31, 1966
	1968	1967	
<b>SOURCE OF FUNDS</b>			
From sale of capital stock			
For cash .....	\$ 165,000	—	5
For shares in subsidiary .....	—	7,500	—
From Catawba re interest in mining properties (Note 1) .....	13,859	27,141	—
	<u>178,859</u>	<u>34,641</u>	<u>5</u>
<b>APPLICATION OF FUNDS</b>			
Acquisition of mining properties .....	—	5,724	4,869
Excess of purchase price of subsidiary attributed to mining properties .....	—	2,086	—
Exploration and development expenditures less depreciation of \$412 .....	60,903	25,303	—
Administrative expenses .....	37,009	2,943	205
Automobile and equipment .....	2,936	—	—
Reduction of long-term debt .....	48,000	—	—
Incorporation expenses .....	—	719	4,400
	<u>148,848</u>	<u>36,775</u>	<u>9,474</u>
<b>INCREASE (DECREASE) IN WORKING CAPITAL .....</b>	<b>30,011</b>	<b>( 2,134)</b>	<b>( 9,469)</b>
Working capital (deficiency) at beginning of period .....	( 11,603)	( 9,469)	—
<b>WORKING CAPITAL (DEFICIENCY) AT END OF PERIOD .....</b>	<b>\$ 18,408</b>	<b>( 11,603)</b>	<b>( 9,469)</b>

NOTE: For purposes of this statement, the application of funds advanced by Yarandry to Camden (subsidiary company) prior to acquisition reflects the ultimate disbursement by Camden rather than the advances to Camden and the funds received from Catawba have been reflected in accordance with the agreement dated November 1, 1967 whereby they acquired a 50% interest in the property.

# YARANDRY SILVER MINES LIMITED

## Notes to the Consolidated Financial Statements For the Period from Inception October 5, 1965 to October 31, 1968

- The mining properties were acquired pursuant to an option dated October 5, 1965 which was exercised November 7, 1967 by the payment of \$43,200 and the companies agreeing to secure the balance of the purchase price of \$31,200 by a 6% mortgage on the mining properties. The debt has been reduced by \$4,800 during 1968 and the balance of \$26,400 is payable \$4,800 per year for the years 1970 to 1972 with the remainder due in 1973. Catawba is responsible for 50% of these payments in accordance with the agreements referred to below.  
By agreements dated September 21, 1967 and November 1, 1967 Catawba International Inc. acquired a 50% interest in the mining properties by reimbursing the company for 50% of all costs, including exploration and development expenditures and administrative expenses, in connection with the properties to November 1, 1967 (excluding the original option payment). As operator Catawba incurs all costs on the properties from that date and recovers 50% of those costs from the company.
- By agreement dated as of December 30, 1968 the underwriters have agreed to purchase 350,000 shares of the company at 40 cents per share payable on the effective date of the agreement. In consideration of this firm underwriting, the company has granted the underwriters an option on an additional 350,000 shares as follows:  
200,000 shares at 50 cents per share within 90 days from the effective date  
150,000 shares at 60 cents per share within 180 days from the effective date  
The effective date of the agreement shall be the third business day following the date the prospectus of the company is accepted for filing by the Securities Commissions of Ontario and Alberta whichever occurs last.



## **Certificate of the Company and Promoters**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966, (Ontario) and Part VII of The Securities Act, 1967, (Alberta) and the regulations thereunder.

DATED this 30th day of December, 1968.

**T. BUDZICH**  
Chief Executive Officer & Director

**S. TAYLOR**  
Chief Financial Officer & Director

**R. H. BULLIED**  
Director

**ARNOLD PITT**  
Director

### **FORWARD EXPLORATIONS LIMITED**

per: **T. BUDZICH**  
Promoter

**K. R. BESLY**  
Promoter

## **Certificate of the Underwriters**

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and Part VII of The Securities Act, 1967 (Alberta) and the regulations thereunder.

### **STANNIS INVESTMENTS LIMITED**

per: **JAMES G. RAE**

### **KINGLAKE INVESTMENTS LIMITED**

per: **M. CLAY**